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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON DC 20268-0001

POSTAL RATE AND FEE CHANGES, 2000

)
) Docket No. R2000-1
)
)

SUPPLEMENTAL TESTIMONY
OF
JON WITTNEBEL
ON BEHALF OF
PARCEL SHIPPERS ASSOCIATION

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1 **Autobiographical Sketch**

2 My name is Jon Wittnebel. I am the Vice President of Delivery Services at CTC,
3 an RR Donnelley Logistics Company. CTC is a large mailer of parcels and our
4 company makes heavy use of the Postal Service's Parcel Post Destination
5 Delivery Unit (DDU) rates. In fact, my review of Postal Service Parcel Post
6 volume data indicates that CTC DDU parcels comprise the vast majority of all
7 DDU parcels delivered by the Postal Service.

8
9 In my role at CTC, I oversee our DDU entry program as well as our procedures
10 for entering parcels at Postal Service delivery units. I also am on the board of
11 the Parcel Shippers Association (PSA) and have participated on a variety of
12 Mailables' Technical Advisory Committee (MTAC) work groups, including the
13 Docket No. R97-1 Parcel Reclassification Implementation Readiness Team (IRT)
14 that UPS witness Luciani (UPS-T-5) mentioned in his testimony.

1 **I. Purpose and Scope of Testimony**

2 In his testimony, Luciani speculates about what occurs at Postal Service delivery
3 units when Parcel Post mailers enter DDU parcels. Tr. 25/11800-11801
4 (Luciani). In this testimony, I describe the activities that mailers perform when
5 entering parcels at DDUs and the activities that the Postal Service performs.
6 Rather than being based on speculation, my testimony is based upon my
7 operational knowledge of what actually occurs at the more than 3,000 delivery
8 units at which CTC enters DDU parcels. In addition, I have attached relevant
9 excerpts from CTC's process documents regarding our DDU-entry procedures to
10 this testimony.

11
12 I also rebut the conclusion that Luciani draws from reading minutes from a May
13 14, 1998 meeting of the MTAC Parcel IRT. Specifically, based upon minutes
14 from this meeting, Luciani speculated that the Postal Service committed to
15 helping mailers unload DDU parcels from mailer trucks. Tr. 25/11800 (Luciani). I
16 was at that meeting and I can guarantee that the Postal Service made no such
17 commitment. Furthermore, I can state categorically that, in practice, the Postal
18 Service does not provide such assistance.

19 **II. DDU-Entry Procedures**

20 In its model of the costs avoided by DDU parcels, the Postal Service assumed
21 that DDU parcels avoid sack shakeout costs and unloading costs. Tr. 13/5169,
22 5199 (Eggleston). In this section, I describe DDU-entry procedures and explain
23 why these procedures are consistent with the Postal Service's assumption.

24
25 As documented in Attachment 1, when CTC enters parcels at the DDU, our
26 drivers follow one of two procedures. If the parcels are bed loaded, our drivers
27 separate them (by five-digit zip codes) directly into/on mail transportation
28 equipment on the receiving dock within 20 minutes of arrival. If the parcels are
29 palletized, our drivers remove the pallets from our trucks and place them on the

1 dock within 20 minutes of arrival. Either way, our drivers are responsible for
2 unloading our trucks. My understanding is that other mailers of DDU parcels
3 follow similar procedures.

4
5 It is also worth noting that I have only described entry procedures for bed loaded
6 and palletized parcels. This is because CTC does not enter DDU parcels in
7 sacks. A very small percentage (less than 0.5 percent) of our DDU parcels are
8 delivered in large plastic bags (which are used to ensure the integrity of five-digit
9 separated parcels) and our drivers typically empty these bags upon arrival at the
10 DDU. Again, my understanding from discussions with other mailers of DDU
11 parcels is that they also do not enter DDU parcels in sacks.

12 **III. The Parcel Reclassification Implementation Readiness Team**

13 In his testimony, Luciani indicates that the minutes of the Parcel Reclassification
14 IRT clearly show that the Postal Service will help mailers unload parcels at DDUs
15 when available. Tr. 25/11800 (Luciani). His interpretation of these minutes is
16 incorrect. In this section, I provide background on the IRT and provide a more
17 appropriate interpretation of the IRT minutes.

18
19 The Parcel Reclassification IRT was formed in late 1997 to help the Postal
20 Service and mailers prepare for the classification changes that would accompany
21 the implementation of Docket No. R97-1 rates. It served as an informal forum for
22 discussing potential issues associated with implementing the changes and,
23 where possible, resolving them. However, it must be noted that the minutes of
24 these meetings are in no way substitutes for Postal Service regulations and the
25 minutes must be read in this context.

26
27 In response to an interrogatory, Luciani cited the following passage from the IRT
28 minutes in support of his contention that the Postal Service will assist in
29 unloading DDU parcels:

1 VEHICLE UNLOADING Not part of R-97 rules, but mailer
2 concerns were addressed. Do not require mailers to
3 unload at DDUs. Mailers want assistance provided to truck
4 drivers locally when they unloading if it is available.
5 Cannot state in DMM that this will be possible. Cost
6 saving is based on the fact that we will not unload trucks.
7 Locally, USPS may be able to assist. Tr. 25/11841
8 (Luciani).
9

10 The minutes from this meeting do not provide the appropriate context to properly
11 interpret this discussion. Specifically, parcel mailers viewed this conversation as
12 raising an issue, not resolving it. The Postal Service's dropship procedures for
13 DDU parcels make it clear that our drivers are responsible for unloading our
14 trucks at the DDU. Tr. 13/5199 (Eggleston). Mailers do not question these
15 procedures based upon the informal discussions that took place at the IRT
16 meeting.

1 **Attachment A. Excerpts from CTC Process Documents**

2
3 **EXCERPT FROM CTC SORT PROCESS DOCUMENT**

4
5 **3) CTC SORT**

6
7 **4) Delivery Process**

- 8
9 a. Carrier is responsible for delivery of parcels/pallets to designated DDU
10 address.
11 b. Carrier arrives at DDU and presents paperwork to the receiving clerk.
12 c. *Carrier unloads and places pallets/parcels in the designated U.S.P.S*
13 *location (emphasis added).*
14 d. U.S.P.S. clerk accepts load.
15 e. Carrier continues to next DDU.

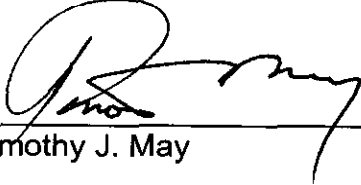
16
17 **EXCERPT FROM CTC CARRIER PROCEDURES**

18
19 **DELIVERY TO DDU**

- 20
21
22 1. *The driver or sorter must segregate and unload the freight for the DDU to*
23 *the 5-digit zip code level if the pallets are not sorted as such (emphasis*
24 *added).*
25
26 2. Deliveries must be made within the scheduled window.
27
28 3. If for any reason a delivery cannot be made, contact your sort center and
29 the sort center will contact CTC immediately for disposition.
30
31 4. Carrier must provide equipment sufficient to perform pickups and
32 deliveries on an acceptable schedule.
33
34 5. All delivery copies must be accepted by the USPS with the DDU name
35 and date of receipt.
36
37 6. Do not alter the original copy of the 8125.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



Timothy J. May

Dated: August 14, 2000